

I am Russell Hill, Administrator of the Health Care and Benefits Division representing the State Employee Group Benefit Plan.

The State Employee Group Benefit Plan is a self-funded benefit plan as authorized in Title 2. The benefit plan is different from insurance in that the State retains the risk for claims, this allows the State to offer benefits tailored to the needs of State employees, retirees, legislators and their dependents.

The State plan provides coverage to approximately 33,500 Montana citizen's who are employees, retirees, legislators and their dependents. Managing this budget is a complex endeavor that is becoming more complex. For 2012 and 2013 the proposed budget holds the State of Montana contribution toward benefits constant at the 2011 funding levels. In order to fund future cost increases the State plan will be considering a variety of different solutions including;

1. Higher premiums to employees, retirees and legislators,
2. Higher deductibles, coinsurance and co-payments for our members,
3. Reductions in the financial reserves of the plan,
4. Reductions in payments to providers, and
5. Development of disease management programs to reduce long term costs.

In all likelihood the state plan will have to implement all these solutions to one degree or another.

One of the significant issues we are now facing are the numerous requests from attorneys duplicate payments of benefits, this is contributing to our challenge of the managing health care costs.

This bill addresses two different issues. First the bill provides a better framework for the state benefit plan to eliminate the duplication of benefits. The intent of no duplication of benefits section of this bill is to ensure the responsible party pays for medical costs. Eliminating the duplication of benefits does not leave medical expenses unpaid; on the contrary it is used to make sure medical costs are paid by the correct party. Second, this bill does not change the subrogation rights in the existing laws.

This bill provides a good balance of protection to the plan and the employees and we support passage.

---